

Olivier Guersent
Director General, Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Brussels

7 September 2015

Dear Mr Guersent,

Adoption of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Following the IASB's publication, on 11 September 2014, of the amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* ("the 2014 Amendments"), the European Commission sent a request on 15 September 2014 to EFRAG seeking endorsement advice.

In October 2014 EFRAG TEG carried out a preliminary technical assessment of the Amendments against the endorsement criteria. During the discussion, EFRAG TEG members identified an internal contradiction between the proposed amendments and existing requirements in IAS 28 *Investments in Associates and Joint Ventures*. EFRAG TEG decided to refer this issue to the IASB on a private basis. In January 2015, the IASB tentatively decided to correct the internal contradiction identified by EFRAG and gave the staff permission to begin balloting an additional amendment to the 2014 Amendments.

In the light of the interaction between the published Amendments and the IASB decision to propose further amendments to the 2014 Amendments, EFRAG decided, at its February 2015 meeting, to recommend to the European Commission that the endorsement process relating to the 2014 Amendments should be postponed until the project on *Elimination of gains or losses arising from transactions between an entity and its associate or joint venture*, which would propose changes to the 2014 Amendments, was completed so that the two amendments were assessed together for endorsement.

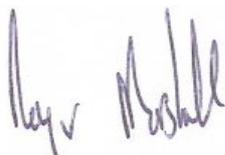
In June 2015 the IASB decided that its research project on *Equity Method of Accounting* should take over all the issues currently being considered by the Interpretations Committee on IAS 28, including the amendments to the 2014 Amendments. In addition, the IASB decided to defer the effective date of the 2014 Amendments until that research is conducted.

For that purpose the IASB published, on 10 August 2015, the Exposure Draft *Effective Date of Amendments to IFRS 10 and IAS 28* ("the ED") which proposes deferring the effective date of the 2014 Amendments indefinitely. It is worth noting that the IASB's decision to look at the 2014 Amendments more comprehensively and together with other issues related to the equity method of accounting addresses EFRAG's request to take a holistic view of the equity method of accounting before introducing additional narrow-scope changes to IFRS.

Given the interaction between the 2014 Amendments and the ED published on 10 August 2015, EFRAG has decided to recommend that the endorsement process relating to the 2014 Amendments should continue to be postponed until the IASB finalises its due process on its proposals to amend the effective date of the 2014 Amendments.

On behalf of EFRAG, I would be happy to discuss our proposed postponement of the endorsement process in this case with you, other officials of the European Commission or the Accounting Regulatory Committee as you may wish.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Roger Marshall', written in a cursive style.

Roger Marshall

Acting President of the EFRAG Board